AN INTEGRATED AND INCLUSIVE ECONOMIC PARADIGM FOR THE CEMAC REGION, AND CAMEROON

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Successful People recognize a crisis as a time for change –from lesser to greater, smaller to bigger. Edwin Louis Cole, author

INTRODUCTION

African history in trade, is very rich. The Trans –Saharan gold trade lasted from the 7th - 14th centuries. Gold, the main export commodity was transported from Central Sudan, Mali and Ghana to the Mediterranean on camel back, in exchange for items like salt. Mali and Ghana were each known as the "Land of Gold". At the peak of the wealth of the Soninke Empire in Ghana, and Mali, trade was direct on protected routes.

Fast forward to 2011, six of the world's fastest growing economies were in Africa. The main commodities, remained extractives (oil and gas and minerals) and agriculture products. The economies of countries in SSA were growing faster than those of East Asia and Japan. Investors, financiers and economist, were quick to catch up to this trend. This gave reason, for the "Africa rising" narrative. Economic growth ranged from 3.5 to 6 % .During this boom, the population of Central Africa was rapidly growing, with urbanization at an all-time high. Education, technology and communication were much improved. Countries in the region engaged in infrastructure, and development projects on loans and sovereign guarantees, in foreign currencies. Regulations and policies, were on maximizing yields from the extractives. Local content provisions were added to petroleum and mining codes, to improve on Corporate Social Responsibility (CSR) in some countries. Profit Sharing Agreements were revised or improved to include participation of LOC's in production cost in some countries. By 2014, the drastic fall in commodity prices, put a huge damper on the “Africa rising” narrative. The expected growth of 3.5 to 6.5% fell to 1.5 % and below.

A three part study by McKinsey Global Institute (MGI), sponsored by Mckinsey and Company called “Lions on the move” has been very helpful. It created a positive narrative, on the potential in the continent. The first report was done in 2010, on the progress and potential of African economies. The second report was done in 2016, on realizing the potential of African economies if the fundamentals stayed strong. This second report was well opportune, as the tides had changed dramatically. The over dependence on extractives, had added a self-inflected dimension on the often talked about “curse of the mines” . With all the resources, more than half of the population, was still living in poverty.

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The region during the boom times, did not improve on their socio-economic fabric. Development and infrastructure was still less developed. The inability of countries in the Central African region, to adopt policies, for investment in sectors like agriculture, industry, and manufacturing was a missed opportunity. Today, diversification for economic transformation has been picked up by most countries in their long term development programs. In March 2018, while in Kigali and under the Chairmanship of Paul Kagame, 44 heads of government during the African Union Summit agreed to create, The Continental Free Trade Area (CFTA) a single market, for 1.2 million Africans to trade. This is yet to be ratified by most member countries. The CFTA, and the just completed Intra African Trade Fair (IATF) hosted by Egypt in Cairo by Afreximbank, is an opportunity for Cameroon and countries in the region. The trade fair is said to have raised more than $30 billion. It will be hosted in Rwanda, in 2020. Entrepreneurs and investors are presented with a market, which will permit addition to value chains for a huge consumer base .The region with a total population of 43 million, needs to develop an inclusive economic paradigm through comparative advantages, to compete in this market. The importance of visa free travel within the continent cannot be overemphasized. The long term sustainable development goals of each country in the region, given the CFTA, are now linked with that of the continent, and global markets. Local solutions, should not exclude the observation of global trends. The CFTA plans to increase intra-African trade from 12% to in 2013 to 50% by 2045.

The UN adopted Sustainable Development Goals (SDG), to last till 2030. There are complimentary and supporting efforts from policy centers, development finance institutions, think tanks, governments, and multiple stake holders. There are efforts underway to improve inter-African connectivity. The African Export-Import Bank(Afreximbank) is working on improving certifications to provide standards for goods, said Benedict Oramah, the president and chief executive officer of the bank. The inter-African trade platform will provide information on who is producing what, where to place orders and pay for goods in local currency.

A 2015 UN report, found that intra-African trade made up just 14% of the continent's total trade. In the EU the equivalent figure was 61%. According to the New Africa Pulse, the aggregate growth in the continent is expected to increase from 3. % to 3.5% between 2018 and 2019.The GDP growth for countries with economies less dependent on extractives should remain robust, if there is investment in infrastructure, a resilient service sector and a robust agricultural sector. According to Abebe Shimeles, Acting Director, Macroeconomic Policy, Forecasting and Research Department, at the African Development Bank. "With non-resource dependent economies sustaining higher growth for much longer spell. With dynamic private sectors, entrepreneurial spirit and vast resources, Africa has the potential to grow even faster and more inclusively," Through diversification Central African countries are looking at alternative sources of revenue to avoid the overdependence on extractives. They are re-enforcing duty free tariffs, to improve on the free movement of people, goods and services.

The IMF, in Washington DC in 2016 recommended that, SSA needs to focus on economic diversification, improvement in the business climate, to build confidence in the private sector .This in turn, will permit greater participation and investment in different sectors. The different stake holders, government, the public and private sector, DFI's, should promote an understanding of comparative and competitive advantages. Localities in different countries in Central Africa have to grow scale in the sectors most economically productive, through capital investments, cooperatives or aggregates. The incorporation of technology into field work, for proper project identification and development, to increase on productivity .The challenges are documented, as well as the opportunities. The task is orienting the stakeholders in all sectors, on the benefits of an inclusive economic paradigm, to take advantage of the youth bulge, fastest urbanization rate, natural and human resources. The economy as the Americans say 'is not stupid' .If there are opportunities for all, as the tides rises so will all the ships. This platform, will address the issue of finance, industry and manufacturing within the context of unlocking local and regional potential, for an export market.

There is protectionism and globalism, trending as two competing schools of thought. The US, is engaging in trade wars and the United Kingdom(Brexit) is working on terms of exiting the European Union (Protectionists).Meanwhile China, Germany, France and a host of countries see the world as a global market place, of shared economic interests. (Globalists).

Cameroon and the region need to improve and strengthen their economies. The outcome will depend on an understanding of the people of Cameroon, and the Central African region of the expectations and the stakes. In a nutshell what is CEMAC?

CEMAC

Union Douanière des Etats de l'Afrique Centrale (UDEAC) was created in 1960, as a customs union for member countries (Cameroon, Central African Republic, Chad, the Democratic Republic of Congo, Equatorial Guinea, and Gabon). In 1994, UDEAC signed a treaty for the establishment of CEMAC (Central African Economic and Monetary Union) to

replace UDEAC. The goal was to promote sub-regional integration through a monetary union, and maintain the CFA francs as the currency, and curtail rumors of devaluation. The CEMAC treaty was ratified in 1999, to promote sub-regional integration through a monetary union for trade, the institution of a genuine common market, and greater solidarity amongst its people. Member countries share a common financial, regulatory, and legal structure, and maintain common external tariffs on imports from non-CEMAC countries.

The region was hit hard, by the fall in commodity prices. Member countries have undergone further, reforms in policy and regulations for economic development and regional integration. These include revisions on identification and border crossings. Recently the heads of States of member countries, met in Chad, under the theme "Accelerated Integration for an

Emerging CEMAC." The purpose was the re-enforcement of prior agreements, on the free movement of goods and services and tariff exemptions. They emphasized on the need for cooperation, amongst frontier agencies. They reviewed commitments, to strengthen the monetary policy and the judicial system.

It is recommended that the fraternity and conviviality that exist amongst member countries, be boosted with cross border meetings and interactions. Member countries have to be competitive, understand the natural endowment factor to innovate, transform and be more productive. There has to be proper identification of resources, to match the appropriate project vehicle. Unlike the developed countries, Central African countries are yet to trade favorable or have balanced trade, because the economies of scale do not match those of the developed countries. Developed countries have invested in technology, to track market trends and observe shifts in the market. Central African countries have to measure earnings and build competitive markets, within CEMAC, the CFTA and globally .The region is the least integrated in SSA "The countries that will be successful in 2017—whatever will happen in the global economy—are the countries which are diversifying their economies," says Richard Attias, a consultant and former producer of the World Economic Forum in Davos. In macro-economic terms, if the non-extractive resources are combined with extractives and are well managed, this will create wealth, for shared prosperity.

CAMEROON

With a population of 23.5 million, Cameroon has the largest population in the CEMAC region. A multi ethnic country, with more than 250 ethnic tribes. The official languages are French and English. The main staple is agriculture (cocoa, coffee, cotton, tea) with large arable land. Cameroon shares borders with member countries and provides the region with experts in various fields especially in banking and accounting. The country was least impacted by the fall in commodity prices and is the heartbeat of the region, with a diversified economy (agriculture, oil and gas and manufacturing).

CENTRAL AFRICAN REPUBLIC (CAR)

The potential in the extractives and agriculture is yet to be exploited due to a long fought civil war. Today there is political stability, with an elected reformist government. The country has a population of 5.6 million. The Capital city is Bangui and is the headquarters of CEMAC. The main languages are French and Sangho. It is a mineral rich country (gold, uranium etc.). The current government has long term development goals for poverty alleviation, economic growth, peace and stability .They have little foreign debt, due to the civil war. The risk in CAR is commensurate to the rewards. Bangui is the future in the region in diverse sectors, natural resources, infrastructure development and energy.

CHAD

Chad is the second most populated country in the region, after Cameroon with a population of 11.8 million. It is Africa's fifth largest nation in land size, and has a pipeline that runs through Cameroon, for the transportation of oil. Major languages are Arabic and French. Chad shares close relations with Cameroon, and were hard hit by the fall in oil prices. The government is engulfed in economic diversification. They have implemented an aggressive program to transform the economy. The demonstrated re-engagement of the government presents an opportunity in renewable energy (solar energy) for agriculture given the temperature and land size.

REPUBLIC OF THE CONGO

The Republic of Congo is separated from the Democratic republic of Congo, by the Congo River, with a population of 4.2 Million people, and is an oil dependent nation. The capital city is Brazzaville with a river that runs through the country, with sufficient capacity to produce hydroelectricity to cover the region. The country has the potential to grow into one of the most stable countries in the region. The main language is French. The economy relies on oil and gas, agriculture and mineral resources.

EQUATORIAL GUINEA (EG)

The smallest country in the region, commonly known as “EG’ has a population of 1.3 million people. The capital city is Malabo, and the main language is Spanish. They undertook massive investments in infrastructure e.g. an ultra-modern port city called Bata during the oil boom. EG was affected by the fall in oil prices and is undergoing diversification for economic transformation. Exxon Mobil has invested in oil blocks in EG. They are amongst the countries in the SSA, to include local content provisions in their mining code.

GABON

Gabon, is the second least populated country after EG, with a population of 1.98 million people. The capital city is Libreville. It is an oil rich country and like EG, the fall in oil prices affected the economy. Gabon is emphasizing on diversification for economic transformation. Like Cameroon, it has deep and rich forest land with potential for agriculture and tourism. The dynamism of Gabon is evidenced in their partnering with OLAM, to develop one of the largest oil palm projects in Africa.

COMPARATIVE ANALYSIS WITH THE ASIAN TIGERS

It is therefore relevant, to draw an analysis between the CEMAC region and the “Asian Tigers” .The history of Africans as traders during the 7th-14th centuries, the “Africa Rising” narrative and the economic transformation of four countries in Asia is a compelling narrative. This analysis will draw a parallel between the ‘Asian Tigers’ Singapore, Taiwan, South Korea and Hong Kong and the six member CEMAC countries. In the 1990’s through strategic location, political ideology, hard work and technological advancement the economies of the “Asian Tigers” was growing at 7 %. They attracted foreign direct investment together with aid to develop their economies and improve trade relations with each other .They benefitted from exempts in tariffs. (Taiwan from the United States, and Hong Kong from the United Kingdom.).They diversified their economies, by scaling up the potential of their resources, to obtain optimum yields as manufacturers, industrialists or as conduits. They created a huge export market and developed an information technology hub. They are today amongst the best in science and technology, education and manufacturing .Their economies are growing at 9 %.

In comparison with the Asian Tigers, what happened in the CEMAC region can be contextualized. The Asian economic revolution started in the 1950's all the way to the 1990's and spanned a period of over 40 years. . In Asia it was a combination of many factors, which today are being evidenced in the CEMAC region. The African economic revolution, is still young. There is vast arable land, natural resources demographics that favor economic growth (youth bulge, women in the informal sector) .There are improvements in regional integration, government reform in policies and regulations in agriculture, healthcare and education, improved access to electricity, water and finally democracy. "Investors are attracted to large markets, and integration is needed to help African companies build scale. Driving closer regional integration is also important for unleashing faster industrialization given that, as we have noted, three-quarters of the growth potential in Africa's manufacturing output lies in meeting demand within the continent. " MGI 2016.

It is time for the CEMAC region to emulate the "Asian Tigers" narrative, and similar regional groups in SSA to build a successful hub economy. According to EY's Africa Attractiveness Report, Africa's hub economies account for the majority of FDI .Foreign investors, tend to gravitate towards more diverse and larger economies like Morocco, Egypt, South Africa, Kenya and Nigeria, and combined, they received 58% of FDI for projects in the continent. In a piece by Razia Khan called (Growth, Trump, and Debt in Africa: Key economic trends to watch in 2017) he wrote that "Poor infrastructure links and weak trade complementarities hampered earlier trade initiatives. However, faced with the threat of new disruptions to existing trade patterns and supply-chain integration, it is even more important that African economies start trading more among themselves".

Comparatively regional groups and countries in East and West Africa have outpaced Central Africa in FDI. Ethiopia and Kenya with the support of AfDB together constructed a 504 km stretch of road from Mombasa-Nairobi – Addis-Ababa. Trade is expected to grow from 35 US million to 175 US million, between the 2 countries by the completion of the road in 2019. East and Southern Africa created a common market of 26 countries comprising, 3 economic regions under the Tripartite Free Trade Area (TFTA). Southern Africa (COMESA), the East African Community (EAC) and SADC with a c combined population of 600 million.

The CEMAC region with a combined population of 43 million will be better served to create a hub economy. This economy can form a common market with ECOWAS with a population of about 335 million people, which are its closest neighbors regionally. CEMAC should organize intra-regional trade fairs.

Cameroon has been singled out as one of the countries to account for consumption growth in Africa. "Two consumer segments in five distinct geographic markets—Angola, Cameroon, Côte d'Ivoire, Democratic Republic of Congo, and Ghana—are expected together to account for 11 percent of Africa's consumption growth to 2025".MGI 2016.

For the CEMAC region to attain its potential there is need for visionary, practical and determined leadership from Cameroon. Cameroon has set in motion policies that if well implemented, will play a pivotal role in strengthening regional integration.

CAMEROON: THE PORTAL FOR A HUB ECONOMY IN THE REGION

Cameroon has the potential to become one of the wealthiest nations in SSA. The country h as been termed Africa in miniature, with vast arable land, agricultural products cocoa, coffee, cotton, natural resources, oil (LNG just started). Based on location, population, geography and human resources, Cameroon can serve as the economic hub for the CEMAC region. The country shares borders with member countries, and a long border with Nigeria. Cameroon is blessed with a deep sea port in Douala, and deep sea ports on the way in Kribi and Limbe. Cameroon, serves as transit or origin for imported and locally manufactured goods to Chad, Central Africa Republic and other countries in the region. With strategic vision and proper resource mobilization in combination with capital assets, it is possible to formulate a plan for the long term growth of Cameroon and the region.

Politically, Cameroon has been one of the most stable countries in the region. An open, diverse and receptive country. Currently there are issues of marginalization in the English speaking parts of Cameroon, as well as terrorist acts in the North from foreign fighters, called

Boko Haram. The effects as well as the impact are not to be minimized, as these are threats to economic development.

The economic outlook for Cameroon is promising .The country's growth was above average as compared to those of countries within the region and continues to grow. The CAA (Caisse Autonomme d'Armortissement) in March of 2016, declared that 70% of Cameroon's external public debt ranged between 2% and 3%, and that from March 2015 to March 2016, Cameroon has paid over 81 billion CFA in interests on its debt. A report by PWC Coopers in March 2016 on the prospects in retail in SSA and specifically Cameroon, finds "The outlook from 2015 to 2020 is more encouraging, with growth expected to accelerate at an average of 5.5% per annum. Sustained low oil prices could undermine this performance. Inflation is anticipated to remain stable within the 1.9% and 2.2% through to 2020"

On the 23rd of December 2016, The President of Cameroon summoned the Heads of States of member countries of the CEMAC region on strengthening the CFA francs .The jointly said 'NO' to the devaluation of the CFA. Rumors on the devaluation had created uncertainty and economic insecurity. In subsequent meetings with the IMF, The Fund recommended economic transformation, diversification and deepening of regional integration. Member countries came up with a 21 point agenda, to address the financial crisis, caused by the fall in commodity prices. They created a monitoring committee to supervise the implementation of the 21 point agenda. Based on Article 4 stipulations, the Fund meets with member countries for review and recommendations on fiscal policy, revenue, management of foreign debt and economic discipline. They cautioned on monetary policy easing, statutory advances to national government and indirect financing.

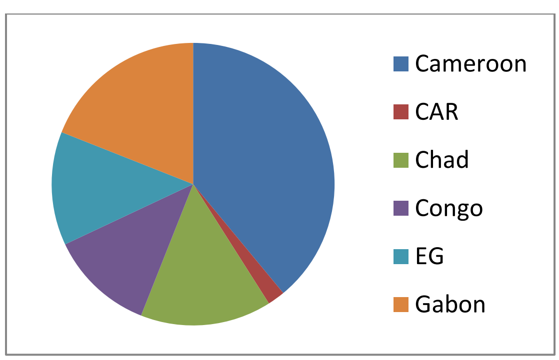
As follow up to the December 2016 meeting with Christine Lagarde of the IMF, Cameroon was approved for a 390.4 billion loan, under the Extended Credit Facility of the IMF. This loan was to cover a period of 3 years. It was to assist Cameroon given the slowdown in growth, decline in revenues and increased public debt according to the Deputy Managing Director of the IMF, Mr. Mitsuhiro FuruSawa. This loan was to assist in the creation of a regional market, and the re-reinforcement of the private sector for sustainable development .The government was advised to provide strategic development plans, for the implementation of the long term goals.

These recommendations, were to strengthen and build on the resolve, to ensure the success of the agreements of the December 2016 Heads of summits meeting. The initiatives are laudable given the importance, and the immediate impact it will have on economic growth. The former Minister of Plan and Economic Development, Mr. Louis Paul Motaze in the September 29th Ministerial summit of the CEMAC region Ministers in Douala, re-enforced the need for concerted action and collaboration between member countries .This was after the assessment of their performance, given the 21 conditions for reform proposed by the IMF.

The Ministry of Economic planning and Economic Development , in 2016 had identified projects in Cameroon in need of financing called DPBF 2016.Some of the projects identified were accompanied by studies. Second generation agriculture is rising with assistance from MINADER ,as well as host of other economic activities in manufacturing, health care, water resources ,electricity and infrastructure. The implementation of the right policies, together with commitment from government and participation of the private sector will transform the economy of Cameroon.

To this end the government has created panels that have made recommendations, some of which have already been instituted to create an investor friendly economic environment. The government has implemented changes in policy and regulations to facilitate doing business in Cameroon, and has remained open to recommendations. The government signed an EPA (Economic Partnership Agreement) with the European Union. Some member countries are yet to sign. The advantages in the EPA for Cameroon and the region will depend, on preparedness, and should not be precipitated.

.CEMAC NOMINAL GDP 2015 IN CFAF



The Government in May 2017 organized a 2 day investment forum, in Yaoundé coordinated by the Presidency. It was a platform for the public and private sector to network, create opportunities for partnerships in diverse sectors in second generation agriculture, technology, infrastructure, manufacturing, tourism and hospitality. Amongst the participants, was the prominent entrepreneur and philanthropist, Mr. Tony Elumelu of Heirs Holdings, who stressed on the role of the private sector in the creation of wealth and poverty alleviation, vis a vis the role of government. He identified Cameroon as one of the countries in Africa, where UBA bank (He is the Chairman), operates many branches. Cameroon, declared at the end of the forum that it was open for business.

The country, initiated a program called vision 2035, for economic development, wealth creation for the alleviation of poverty. It is a 20 year project broken up, into three phases. 2018, is currently the tail end of the first 10 year phase. It was based on growing the economy. The second phase to begin in 2020 will last till 2027, and will focus on transforming the economy into a middle income economy. The middle class created with purchasing power, will complement the final phase from 2027 to 2035.This phase will be in industrialization, scaled up to compete with the global economy in trade and investment. Vision 2035 is an ambitious project, which aligns with those of other countries in Africa like Rwanda 2020; Ghana 2020 .Its goals are delineated in projects in various sectors to address democracy, national unity, economic transformation to spur growth and jobs. These projects include and are not limited to agriculture, power and electricity, science and technology, infrastructure, manufacturing and industry. It has a supportive arm for emergency development projects called The Triennial Emergency program. (PLANUT)

The government in furtherance of these goals, created agencies for facilitation, orientation and guidance for investors. The Investment Promotion Agency (IPA) and (Conseil D'appui a la Realisation de Contrats de Parteneriat (CARPA) amongst others. The investment agency acts as a gateway and interphases with local and international investors. CARPA assists and advices on Public Private Partnership agreements in the formation of entities, that responds to the laws and regulations of Cameroon. These agencies act as communication hubs for assistance and introduction to various stakeholders. This approach by government is re-affirmed by Afreximbank African Trade Report ‘A new generation of economic governance reflects this approach to balanced and pragmatic economic stewardship and regards governments as facilitators of growth, creators of markets, enforcers of institutional norms and providers of enabling infrastructure’ .

Regarding return on investment (ROI) Cameroon is the most guaranteed, as the economy has been the most resilient in the region. With the right experts in transactional advisory and effective communication there is potential for growth. Economic transformation in Cameroon will grow scale in industry and manufacturing, if policy recommendations are well carried out and executed in some sectors to include;

- ***Agriculture***
- ***Power and electricity***
- ***Oil and Gas***
- ***Water resource development***
- ***Information communication and technology(ICT)***
- ***Banking and Insurance***
- ***Economics of climate change***.

AGRICULTURE

Historically, agriculture has been the main economic activity, both for subsistence and export .The green revolution initiated by President Ahidjo over 50 years ago is the reason why, more than 60% of the work force is in this sector. The second employer after the government is the Cameroon Development Corporation (CDC) in the agriculture sector. Cameroon is the third highest exporters of cocoa in Africa .Other exports include banana, rubber, cotton and coffee. Rural farmers produce maize, rice, beans, plantains, cocoyam’s amongst others for local consumption and export to neighboring countries. Cameroon serves as the food basket to Central Africa, Chad, Equatorial Guinea and Gabon.

The Ministry of Agriculture, The Chamber of Agriculture in partnership with NGO’s, the World Bank, USAID, and FAO are playing significant roles in developing this sector. The

United States through AGOA and the European Union are assisting through tariff waivers, and training to enable preferential access to goods from Africa . Duty free exemptions for equipment, pesticides and fertilizer are not enough. The stakeholders, government, private and public sectors have to create synergy on how to improve on productivity. This sector needs trade clusters with data from the National Institute of Statistics under the supervision of the National Council of Statistics. This will provide requisite information, on the production rates needed, for comparative advantage to build scale and add value. There is need for technological advancement in remote data gathering, and surveys on soil fertility and other environmental conditions, to increase production.

For effective Second Generation Agriculture (SGA), Cameroon has to move from consumption to agro-industry through adequate training, capacity building and investment. Cameroon is producing below capacity in maize, beans cassava and other crops. Agriculture provides opportunities in renewable energy and technology for diversification to grow manufacturing and industry." cannot just dig up what it grows and sell abroad, and then buy back finished products, because what that means is exporting jobs' says Dr. Jenniffer Blank Vice President Agriculture, Human and Social Development at the African Development Bank .

Innovation in this sector, especially in agro-processing and industry will create jobs, wealth and transform the economy of Cameroon.

POWER AND ELECTRICITY

In Cameroon, electricity is governed by LAW N° 2011/022, on the modernization and development of the electricity sector. The lack of adequate power supply and frequent shortages are being addressed by the government, through regulations and policies. Cameroon accepts electricity additions on off –grid and on-grid projects. The government provides sovereign guarantees on Power Purchase Agreements (PPA's) for on-grid projects .The law provides for renewable and efficient energy expansion, to develop rural and urban areas. There are laid down general regulations, for partnership contracts in the rapid construction of infrastructure for energy projects.

The sources of power include Hydro, Natural Gas, Solar, Biomass and wind. The most exploited has been hydro producing about 75 %, .The capacity in generation in Cameroon today is about, 1,500 MW. The electrification rate in Cameroon is one of the highest in the region, and is above 60%.The major hydro dams are Song Lolou, Edea, and Lagdo. There are Thermal plants in Limbe, Yaounde, Mbalmayo, Douala, Ebolowa and Kribi with the capacity to produce about 500 MW combined. The government of Cameroon, AfDB, World Bank, The Bank of Central African States amongst others is presently financing power projects in Cameroon.

The African Development Bank's (AfDB) 'New Deal on Energy for Africa' is projected to provide by 2025 provide universal access to electricity across Africa, up to 160 GW. This together with Power Africa and other projects in renewable energy are yet to be maximized. There is green finance and green bonds for independent operators in renewable energy. Solar equipment's are getting cheaper and affordable, while batteries are also cheaper and last longer

ENEO has been visionary and innovative in managing the distribution of electricity. They have improved distribution and significantly reduced electricity shortages and improved distribution.

OIL AND GAS

This sector falls under the Ministry of Mines, and the National Hydrocarbons Corporation (SNH) is mandated to promote and valorize, the resources. There is a mining code that promotes operations in the national territory.

According to the SNH, Cameroon produced 27,72 million barrels of oil in 2017, and 435.79 million cubic meters. The country produces about 69000 barrels per day as of June 2018 and it accounts for 60% of the economy. The legal framework in the code provides for two types of contracts. Production Sharing contracts, and concession contracts.

In a publication by Kate Douglas on “Understanding Cameroons Untapped Business opportunities”, she cites NJ Ayuk the CEO of Centurion Law Group, and author of Big Barrels Africa, “Cameroon has the potential to build downstream oil and gas base and set up petrochemical plants for urea, ammonia, methanol, fertilizer and Liquefied Natural Gas (LNG) as well as establishing electricity generation facilities”. And according to NJ Ayuk “these are very bankable projects that ensure great returns and stand to create more jobs in the country’. Most of the gas in Cameroon is bought by the Kribi Power Development Company. Mr. Elias Pungong, an oil and gas leader in Africa in an op-ed “The case for Domestic Gas Industry in Cameroon” proposed a revision of the strategy in the Cameroon gas sector. The market for LNG in Cameroon is burdened by a host of factors, late entry into the market, a competitive market, price fluctuations in oil, and dwindling resources to name a few. He advises on new strategies that incorporate technological advances, liberalization of the gas sector to attract investment.

WATER RESOURCES DEVELOPMENT

Water resources management and implementation in Cameroon, is carried out by public, urban and rural agencies. CAMWATER (Cameroon Water Utilities Corporation), MINEE, Ministry of Water and energy MINHDU (Ministry of Housing and Urban Development), (CDE) Water of Cameroon) .The country receives support from DFI (Development Finance Institutions) like the World Bank, and other institutions. There is need for increase water supply to urban areas due the fast urbanization rates and population growth. There is ongoing work in major cities where new pipes are being placed. Inadequate yearly natural water supply to catchment areas, and lack of proper water harnessing and pooling facilities have resulted in water scarcity in some areas. Rural areas are unable to pay for water consumption if made available. The monetization of water supply will improve supply, infrastructure, and the availability of water.

The United Nations at the dawn of the Millennium Development Goals (MDG) designated a 2030 Agenda for Sustainable development to include water resources. The provision of clean and portable water for health, industry and agriculture will impact the socio-economic fabric of the country and increase productivity.

INFORMATION COMMUNICATION AND TECHNOLOGY

This sector, is under the Ministry of Post and Telecommunication. The revenue from the Telecom sector in 2016 was $1.1bn, a 6.2% increase from the prior year, and it continues to grow. The increased sale and use of android phones, over low bandwidths have more than tripled in less than 2 years. The cost of broadband remains high as compared to developed countries. MinPostel under the Growth and Employment Strategy Paper (GESP) for a Digital Economy is working on increasing broadband and reducing cost. The government, plans on laying about 2000 km of fiber optics, with the goal of reaching the most remote areas. The Minister recently received a delegation from Brazil, on fiber linking Cameroon to Brazil. The Nigeria- Cameroon Sub Marine Cable System (NCSCS) is one of the projects on improving broadband. The Africa Coast to Europe (ACE) project and the South Atlantic Interlink (SAIL) are all cable systems to improve on the internet service in the region and Cameroon. There is the Central Africa Backbone (CAB) project requested by CEMAC, for high speed communication.

The country aims to be fully digital by 2020, to enable technological innovation.

There are opportunities in crowd funding, blockchain and crypto currencies for financial transactions through trusted relationships online. There is Artificial Intelligence (AI) that predicts outcomes for businesses; this will precede innovation for many businesses. The growth in mobile money transfers through MTN and Orange have facilitated transactions in the sales of goods and services to remote areas .Mobile money services are at 20% of their market potential, since more than 50 % of Cameroon is unbankable

Platforms like WhatsApp play a significant role in payments and advertising in Africa according to Yinka Adekoge Africa editor for Quartz .It functions on low bandwidth, and are the most used messaging system in emerging markets. The commercialization of WhatsApp will facilitate business transactions and payments to small businesses. “However, for investment projects to be well-managed, modern technologies have to be integrated into project management. I would say the real challenge here is the ability of the State and the private sector to master these technologies" Mr. Babissakana finance expert, founder and CEO of consulting firm Prescriptor.

With technology, and innovation Cameroon can leapfrog into the fourth industrial revolution which is digital .The growing population of Central Africa, has an increasing number of technologically savvy young people, who have demonstrated on OTT platforms like Facebook, WhatsApp, Twitter their abilities to innovate. The Minister in January 2017 promised to supervise and support youth in this sector, especially in infrastructure. If the potential in the sector is harnessed, to answer to friction, there will be disruption in various sectors with huge opportunities for businesses.

Cameroon has a total of 14 intra-regional, national and foreign banks. Activities in banking and securities are authorized, by the Ministry of Finance of member countries and the Central African Banking Commission (COBAC).

The Monetary Community of Central Africa (CEMAC) governs the rules of banks and financial systems. Cameroon ratified the treaty for the Harmonization of Business Law in Africa (OHADA) for 16 member countries. The Central Bank of Africa Republics (BEAC) provides rules relating to banks and securities.

There are different schools of thought on banking in Cameroon and the region. The first is innovation and expansion of banks across borders .Western banks are being replaced by African majority owned banks (UBA, Ecobank),which have long term goals of investment in large products with slower returns .The second school of thought have local banks improving on local savings ,to provide loans for smaller projects for faster returns and quick growth. These banks tend to remain smaller due to scope and scale. Each bank has to figure out the model they prefer.

Most Cameroonians are unbankable, and rely on tontines, for savings and loans. Banks should improve on loans to entrepreneurs and existing businesses through creative investment modules. The long term gains are in growing capital through ROI from successful businesses, than simple interests, on consumer loans. The increasing roles of local and regional banks is ensuring people develop a savings culture, and at the same time use banks for their business transactions. Banks should invest in technology, with diverse products and services to enable digital transformation. Online payment systems for goods and services, are being wrestled from the banks by non-regulated platforms online. Banks can create long term, trusted and verifiable relationships with tontines. This will enable local credit verifying system that permits peer to peer lending for investments in large projects, managed by the banks together with the tontines. "The next stage in the development of banking in Africa will be transformational. It will seek to replace existing traditional banking models with models more appropriate to addressing the urgent issues of financing much-needed development and infrastructural projects on the one hand; and, on the other hand, making banking more accessible to the majority of the population at a cost that they can afford." Arnold Ekpe Africa Business Magazine December 29th 2014.

Banks in Cameroon stayed resilient during and after the slump in oil prices. By the end of June 2015, total bank assets grew by 6.2 percent year-on-year, while deposits and credits increased by 6.1 percent and 13.0 percent, respectively according to the IMF country report on Cameroon December 2015.With improved technology and a growing consumer market, there is much room for improvement in the sector.

ECONOMICS OF CLIMATE

The Paris Accord of 2015 proposed the reduction of average global temperature increases to below 2°C. It included allocations through finance and other measures to lower greenhouse gas emissions, and fund climate resilient development to begin in 2020.Currently 60% of emissions come from China, US,EU and India. Africa is the continent that contributed the least to pollution and at the same time provides an opportunity for carbon emission reduction, through renewable energy .This opportunity to fund cheaper, less expensive energy sources is readily possible as the region is in need of infrastructure development. Renewable energy will create jobs through climate smart policies.

The recent United Nations Climate report highlights the benefits of investment in climate. This will boost the global economy and yield about $26 trillion dollars by 2030.There are projects in Cameroon in solar, under the Department of Solar energy, at the Ministry of Energy and Electricity. There are various initiatives like Power Africa a US based initiative, 'Light Up' Africa from the AfDB. There is finance through green bonds, climate finance options through the

UN Climate fund, IRENA and the Scandinavian countries. All these need to be accompanied by local project study.The World Bank is planning to invest over 200 billion dollars for a period of five years beginning 2021 to 2025.

There are projects underway in the continent being financed in East Africa in clean energy by the Emerging Africa Infrastructure Fund (EAIF), a member of the Private Infrastructure Development Group (PIDG). There is need to get technical and investment partners especially in the North of Cameroon and Chad. Renewable energy should not be limited to domestic use, or lighting of single home units. It has a huge role to play in agriculture, industry and manufacturing to create jobs, and provide clean and cheap energy.

OBSERVATIONS

Despite the reforms and regulatory changes, the government has a long way to go in creating an enabling environment, reducing delay times and administrative bottlenecks. The role of the government for inclusive economic development is the most important. They should ensure good governance, fight corruption, address security and risk. The challenge for entrepreneurs is the know how to operate in such challenging environments and be profitable. There is need for a paradigm shift, in the public and private sectors.

There are actors in the private sector like Tony Elumelu of Nigeria, Moh Ibrahim of Sudan and Ali Dangote of Nigeria, creating wealth and contributing in foundational activities for a self-reliant Africa. The efforts of governments in the region in adopting policies to grow a diversified economy have to be complimented by non-state actors. There is need for a deeper level of understanding and interaction by all stakeholders in certain domains i.e.; ***innovation, effective communication, diaspora, demographic dividend, capacity building, and the legal component.*** The comprehension of these factors, will drive productivity given the potential in the region to improve on the most needed fundamentals as backdrop.

INNOVATION

Cameroon and the region are faced with rapid population growth, in need of services that are local and specific. Where there is friction, there is need for proper identification of issues related to services. Innovation and disruption will provide cheaper, more efficient and longer lasting solutions. There are open table, over the top and other platforms that provide solutions on low broadband. “Engineering must be global and yet adaptable to local needs ….” All Hail the GloCal Product Designers August 23, 2017 by Ndibuisi Ekekwe.

Innovation in healthcare, arts and culture, banking, and education can improve on existing products and services, and create new products and services accessible, and adapted to local needs.

EFFECTIVE COMMUNICATION

There is the need for effective communication to expose the potential in various sectors. The echo chamber mentality has to be revised. The role of the media should be oriented towards content or messaging that is transformative and serve the interest of development and economic transformation. “Advertising has always depended on the power of traditional media to unite like-minded consumers around television, radio or print. But the invention of the internet has unlocked a yet-to-be determined medium for marketers, one with endless opportunities for reaching and engaging consumers” Rebecca Bezzina, R/GA Sydney

. Rwanda, and countries and cities in the Middle East like Qatar and Dubai are advertising and branding their countries to attract investors, tourists and businesses. There should be outreach, with feedback on the potential for growth in certain sectors, which is data driven. The potential and challenges should be addressed. Country branding, should incorporate the component of objectives attained with results, and not limited to potential only. There should be hubs, portals, policy centers and think tanks to inform on the dynamics in Cameroon and the region.

DIASPORA

The role of diaspora in economic transformation of the region has never been more important. The narrative has to change to reflect the potential in the region, as the new economic frontier, as we witness the scramble for Africa. The role of diaspora should be in technology transfer, partnership with young entrepreneurs in project building, technocrats returning to educate and train. Innovative solutions contextualized, and adapted to leverage foreign exigencies, with local realities.

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Ngu Humphrey Morcho a US based Cameroonian, trained in the UK and the United States, is providing top of the line, time sensitive and innovative health solutions in Nigeria and Africa through Yaco Medical. The government in Cote D’Ivoire and Senegal, played significant roles in attracting and facilitating foreign direct investment in collaboration with diaspora. They incorporate management lessons on timeliness, respect of delays, product quality and standards. With technology based management, and accountability, problems of endemic corruption, will be reduced.

The African Diaspora is worried on the current debt levels to China, government bonds, poverty, underdevelopment, governance and a host of issues. These issues should be addressed by Africans providing solutions and participating in economic development. Remittances from diaspora should be leveraged on the basis of investments that are beneficial, and not limited to family assistance. Afri-capitalism, where Africans in diaspora, invest or own business in the region to reverse the trend. China, US, EU and other institutions are filling that gap. Diaspora can assist family in entrepreneurship, through training and project finance (seed money) to alleviate poverty. Charity begins at home. More Mexicans are returning to Mexico than, moving to the United States for the past two years. “Reverse migration” will turn the tides. The talent within diaspora and the potential in the region portends growth of economies of scale. Through aggregation of services they can add value, create value chains and grow scale in sectors related to their competences.

With knowledge of the culture and belief systems diaspora can assist foreign investors, and advise local partners, on the exigencies of each. Diaspora has a fundamental role in creating synergy with foreign investors, given their cross border expertise.

DEMOGRAPHIC DIVIDEND AND CAPACITY BUILDING

The demographic dividend and the need for capacity building for youth and women, is an aspect of SDG that needs a heavy lift.

The youth population of Sub-Sahara Africa is the fastest growing in the world, and conversely youth employment is very low. For the region to attain economic development, efforts have to be demonstrated not only in policy and organs, but practically. There are two alternatives to this phenomenon. Firstly, unemployed youth are poor and vulnerable. Secondly, gainfully employed youth earn a living and are responsible. The youth bulge is amongst the key fundamentals, of the "New Frontier" narrative. Mario Pezzini, director of the OECD's development center, said urbanization could drive development if there is simultaneous job creation and infrastructure investment. "The key challenge for Africa is to achieve inclusive and sustainable growth "while addressing high youth unemployment in Africa.

The population of Cameroon is about 24.1 million, 12.25 are female and 12.26 are male, 42 % are 0-14 years old, 59.9 % are 15-57 years old, and 3.21 % 65 years and older, according to the KPMG Snapshot report H1 2017.This breaks down to about 70 percent ranging in age from 15-65 years of age. It is said that 9 out of 10 youths are maintaining families, while living in poverty or below poverty. Formal employment does not hire more than 30 % of the working population.

The second most important vector of the demographic dividend is the role of women in poverty alleviation and wealth creation. Women make up 75% of traders in food markets, in the urban and rural areas day and night. They are the majority in the fashion industry, as tailors, in education in private day care centers and schools, in restaurants and eateries in the main cities, in private health care centers as nurses and are driving the informal sector.

Building scale, and adding value, requires expertise, at different levels of competencies.. Recently 20 countries launched "Compact with Africa." to harness resources from developed and emerging countries, international organizations and investors. The AfDB has created the Youth in Africa Initiative. "In order to improve the quality of life of the population, the African Development Bank's Jobs for Youth in Africa initiative seeks to create 25 million jobs and train 32 million youth in Africa, impacting 50 million Africans over the next decade." Akinwumi of the AfDB. The African Capacity building Fund (ACBF) is a 26 years old fund, and The Executive Board Chairman H.E. Erastus Mwencha says that "The recognition of ACBF as the African Union's specialized agency for capacity development launches the beginning of a new era for capacity building by ACBF, which will require an appropriate level of political commitment and financial support from all stakeholders". The former Cameroon Minister of Economic Planning and Economic Development Paul Motaze, was on September 2017 elected the Vice President of the board of Governors of the African Capacity Building Fund

The government needs to partner with the private sector in training the youth. Megatrends globally, see the future in technology through automation, robotics, and artificial intelligence. The youth have demonstrated an ability to quickly adapt to technology .To enable innovation and economic transformation there is need for the right set of skills to be gainfully employed in sectors like agriculture, infrastructure, energy, industry and manufacturing.

As regards women, the save in tontines, cooperatives and micro-finance institutions, mainly for subsistence. There is need for proper training to empower women, to move from horizontal relativism to vertical and upward growth. Women should be offered incubation periods or reliable incentives to motivate them to take the leap, at the initial phase. These should be a combination of training, and self-development to enable long term growth. Women have been the most reliable and consistent economic operators. This asset should be incorporated into economies of scale.

One of the most important ways of addressing gender issues, like inequality is empowering women economically, to reduce dependency that occasionally leads to abuse. In most homes, they remain the unsung heroes, albeit being the breadwinners.

An evaluation of each component, will distill the various activities and sectors that if harnessed will improve productivity.

LEGAL COMPONENT

Disruption and innovation, have fundamentally affected the legal industry. It has added a layer of lawyering that demands vision and creativity. A hands on adaptive legal platform for lawyers as they provide services requested or required. The integration of global legal concerns, with the rules and regulations of the government like tax codes, trade and investment law, project

finance, labor codes, mining codes etc. The re-enforcement of inter and intra-regional partnerships, to include mergers and acquisitions. Advisory on legislation, that distinguishes and properly identifies issues of conflict of laws and proper jurisdiction for conflict resolution.

Expertise, in transactional and project finance especially in PPP. Law firms and foreign businesses should be looking at having offices in the CEMAC region or corporate legal secretariats to manage the expectations of their clients within a legal regime.(in-house Counsel and local Attorneys). There is increased need for compliance on local and national legislation with regional regulations of OHADA,(Harmonization in Africa of Business Laws) .Companies should seek due diligence on the risks of working with brokers or middle men(paper pushers or panhandlers) ,business verification, access to local business registry and payments. There should be consultation amongst lawyers, on advisory to manage local risk and business expectations.

CONCLUSION

There is untapped potential in the region, and with Cameroon as a portal for inclusive economic development, the region can compete with other regional bodies. The newly minted African Continent Free Trade Area (CFTA) remains and opportunity. There is need for and informed and intelligent approach to trade and investment to leapfrog to the fourth industrial revolution.

This approach should be a combination of Aid, DFI, investor class, loans from banks and the government. The heavy lift should come from local stake holders through concentrated efforts with the government. Entrepreneurs and startups, should engage in ways that re-enforce current activities to create new opportunities. These initiatives should address local needs, incorporate technology and innovation to be more productive. Improvement on cross border economic cooperation is of paramount importance. Xenophobia and border training of custom officers should be addressed as they impede the free movement of people, goods and services.

The comparative and competitive advantages of member countries, allows investors to choose their most rewarding point of entry into the region. Each country is unique with different opportunities. Foreign investors are advised to trust their instincts, and take the leap to join those succeeding in the region

With diversification and increased revenues from the extractives, the region can grow a resilient economy based on trade. The stock exchange should be re-galvanized. The winners will be those able to dissect the data, and isolate areas of interest in the region. Increased need for branding and communication to expose the potential of the region, improvements in regulation and policies to attract investors. Entrepreneurs and investors should create an ecosystem that re-enforces individuality and encourages exchanges for mutual and reciprocal gain. CEMAC should enforce regional controls on the application of best practices, slow decision making, and unchecked capital outflows. The various governments should address rising debt levels.

The socio-political impact need not be overstated as civil unrest; risky migration in the region has a direct correlation to poverty, and youth employment in the CEMAC region. Leadership from government through policies and regulations, accompanied by monitoring and enforcement, will create a socio-political and economic framework, for a stable and progressive Central Africa.

Disclaimer, any wrong spellings or misinterpretations are not intentional and TIAC, is prepared to correct and adjust to speak to the original intent.

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